

Village Safe Water Program (VSW)
Facility Construction and Operation
Department of Environmental Conservation – Program 2

I. PROGRAM OBJECTIVE

The objective of the Village Safe Water (VSW) Program is to assist unincorporated or second class cities, through cash grants to provide improved water, wastewater and solid waste services. As of 7/1/92, those first class cities with populations of 600 or less are also eligible for VSW grants.

II. PROGRAM PROCEDURES

The program is administered by the Alaska Department of Environmental Conservation (ADEC), Division of Facility Construction and Operation (FC&O), Village Safe Water Section. A feasibility study submitted by the community is reviewed by the project engineer for determination of grant offer. The project engineer also determines if bookkeeping services will be performed by contracting with a bookkeeping firm or by the grantee. A grant offer is then made and payments are based upon VSW engineer assessment of construction progress. When a project has been completed, final inspection is performed, punch list items cleared, and all project expenses known, a project reconciliation is completed. At this time, 100 percent of the VSW grant is paid to the community and the project is scheduled for a final report. The final report is prepared by the VSW engineer and accepted by the community.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Funds shall be expended only for the purposes described in the grant agreement.

Suggested Audit Procedure

- Review and compare reported costs, related documents, and grant agreement terms.

B. ELIGIBILITY

The auditor is not expected to verify eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS.

Compliance Requirement

Grantee shall use an accounting system, which adequately accounts for grant funds and all expenses paid with grant funds, if the grant accounting is not done by the firm hired by the department. Checks must contain two authorized signatures.

Suggested Audit Procedures

- Review project records to determine if;
 - a Reported costs reconcile to bank account;
 - b Proper documentation supports expense, and checks have two signatures; and
 - c Total project funding is not in excess of 100 percent of total project costs and all grant funds were utilized.

D. REPORTING REQUIREMENTS

Compliance Requirement

Grantee is to provide monthly bank account balance to VSW engineer.

Suggested Audit Procedure

- Review project records for compliance.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

Grantee is to operate and maintain the system provided, assess user fees to ensure system is self-supporting, and select individuals trained to operate and maintain the facility.

Suggested Audit Procedure

- Review system for operability to review documentation to ensure user fee assessment.

Modified 1/96